

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NORTH DAKOTA
NORTHWESTERN DIVISION

UNITED STATES OF AMERICA)	<u>INDICTMENT</u>
)	
)	Case No. _____
-vs-)	
)	Violation: 18 U.S.C. §§ 371, 666, 1163,
)	1343, and 2
MELISSA STARR;)	
TAMMY GRADY, a/k/a)	
TAMMY JACOBS;)	
ELAINE INCOGNITO;)	
LILLIAN HOLEN;)	
HANK STARR;)	
DARWIN LONE BEAR,)	
a/k/a DARCY LONE BEAR;)	
and PAUL FREDERICKS)	

COUNT ONE

Fraud Conspiracy

The Grand Jury Charges:

Introduction

1. At all times material to this Indictment and as a part of and incorporated in every count of this Indictment as if they were re-alleged:

a. The Twin Buttes Elementary School (School) is located in Twin Buttes, North Dakota, on the Fort Berthold Indian Reservation. Approximately 40 elementary students are enrolled in the School. The School receives federal grant money through an Indian tribal organization known as the Three Affiliated Tribes (TAT). The School is a federal grant school, and holds North Dakota Public School status. School employees are officers, employees, and agents of the TAT.

b. The U.S. Department of the Interior, Office of Indian Education Programs (OIEP) paid \$1,042,045 in federal funds to the School during the

2001-2002 school year. The OIEP paid \$1,450,979 in federal funds during the 2002-2003 school year, and \$1,362,741 in federal funds to the School during the 2003-2004 school year. The OIEP paid \$1,845,540 in federal funds to the School during the 2004-2005 school year and paid the School \$1,119,263 in federal funds during the 2005-2006 school year. The OIEP paid the School approximately \$6,820,568 for the five-year (2001-2006) period.

c. MELISSA STARR is an administrative assistant for TAT Councilman Daylon Spotted Bear, a position she has held for eight years. She has been a member of the Twin Buttes School Board for thirteen years and has been the President of the Board for approximately six years.

d. TAMMY R. GRADY, a/k/a TAMMY JACOBS, is a TAT administrator and served on the Twin Buttes School Board from 2002-2005.

e. ELAINE INCOGNITO began employment approximately 27 years ago as a teacher at the School. INCOGNITO was Principal of the School from approximately 1999 to May 2005.

f. LILLIAN HOLEN has been employed by the School for approximately twenty-five years. She maintained different titles throughout her employment but her responsibilities have included financial oversight, and preparing and monitoring the School's budget. HOLEN received \$63,627.20 in fixed salary in 2005.

g. HANK STARR is an assistant building manager for TAT. He has been a member of the School Board for five years.

h. DARWIN LONE BEAR, a/k/a DARCY LONE BEAR, is the Production Supervisor of Twin Buttes Custom Homes, a TAT organization. He had been a member of the Twin Buttes School Board for seven years and the Vice President for most of his years on the Board.

I. PAUL FREDERICKS has been employed as the custodian/facility manager/plant manager of the School for eighteen years.

The Scheme

2. Beginning on or about August 9, 2001, and continuing until on or about October 2006, within the District of North Dakota, and elsewhere, Defendants MELISSA STARR; TAMMY GRADY, a/k/a TAMMY JACOBS; ELAINE INCOGNITO; LILLIAN HOLEN; HANK STARR; DARWIN LONE BEAR, a/k/a DARCY LONE BEAR; and PAUL FREDERICKS, together with other employees of the School, and Twin Buttes School Board members, and with others known and unknown to the Grand Jury, did unlawfully, knowingly and willfully conspire, combine, confederate and agree together and with others to:

- a. Commit certain offenses against the United States, that is:
 - I. To violate Title 18, United States Code, Sections 666 and 2 (fraud and misapplication involving federal funds); and
 - ii. To violate Title 18, United States Code, Sections 1163 and 2 (embezzlement and theft from Indian tribal organization); and
 - iii. To violate Title 18, United States Code, Sections 1343 and 2 (fraud by wire).

3. The object of the conspiracy in violating the statutes listed above was to obtain unlawfully approximately \$665,000 or more of funds entrusted and belonging to the Twin Buttes School by theft, misapplication, and embezzlement of School and federal program funds, by issuance of checks and wire transfers which the defendants caused to be prepared and aided others in preparation, and which were made payable to themselves and for their benefit individually, and to others involved in the conspiracy.

The defendants attempted unlawfully to disguise and conceal these funds through claims and proclamation of bonuses, loans, payroll advances, compensation to others, and as travel expenses.

Manner and Means of the Conspiracy

4. It was part of the conspiracy that Defendants and co-conspirators would “take care of each other” by fraudulently claiming work-related travel expenses and stipends. When travel was taken, it often was not work-related as documented and claimed. It was common for Defendants to claim and receive advance travel funds but not actually travel and not return funds that had been advanced for travel.

5. It was further part of the conspiracy that Defendants and co-conspirators would grant and accept cash bonuses for work which was not performed, and for work that was not beyond the scope of regularly compensated employment.

6. In furtherance of the conspiracy, Defendants consistently encouraged work-related travel and expense claims which supported waste and abuse of federal funds. LILLIAN HOLEN consistently justified the excessive expenses by claiming they were within the School budget when, in fact, they were not. The 2003–2004 school-wide travel budget included only five events with a total travel budget of \$10,300. The School was operating in a financial deficit. The School failed to pay approximately \$240,000 in obligations over the 2004–2005 school year.

Overt Acts

In furtherance of the aforesaid conspiracy, as part of a scheme, and to accomplish objects thereof, Defendants and co-conspirators, at the approximate times and places set forth below, did fraudulently commit the following overt acts, among others:

7. Between about January 1, 2003, and October 6, 2006, MELISSA STARR, personally and on behalf of others known and unknown, claimed and received from School funds approximately \$330,000 in payroll and travel advances, travel reimbursement, cash, wire transfers, checks, and debit withdrawals. STARR claimed approximately \$ 187,000 of the total through travel vouchers, stipends, and checks to other people. STARR took approximately \$94,000 through checks that were made payable to Twin Buttes School and Cross Country. She took approximately \$19,000 in debits to the Twin Buttes School bank account. STARR took approximately \$28,000 through transfers by wire, including part of \$13,000 of transfers over a two-day period in February, 2004.

8. Between about January 1, 2003, and July 1, 2005, TAMMY GRADY, a/k/a TAMMY JACOBS, personally and on behalf of others known and unknown, claimed and received from School funds approximately \$126,000 in payroll and travel advances, travel reimbursement, cash, wire transfers, checks.

9. Between about January 1, 2003, and December 1, 2005, ELAINE INCOGNITO, personally and on behalf of others known and unknown, claimed and

received from School funds approximately \$67,000 in payroll and travel advances, travel reimbursement, checks, and cash.

10. Between about January 1, 2003, and December 31, 2005, LILLIAN HOLEN personally and on behalf of others known and unknown, claimed and received from School funds approximately \$35,000 in payroll and travel advances, travel reimbursement, checks, stipends, and cash.

11. Between about January 1, 2003, and July 1, 2005, HANK STARR, personally and on behalf of others known and unknown, claimed and received from School funds approximately \$43,000 in payroll and travel advances, travel reimbursement, checks, and cash.

12. Between about January 1, 2003, and December 31, 2005, DARWIN LONE BEAR, a/k/a DARCY LONE BEAR, personally and on behalf of others known and unknown, claimed and received from School funds approximately \$25,000 in payroll and travel advances, travel reimbursement, referee fees, checks, and cash.

13. Between about July 1, 2003, and December 31, 2005, PAUL FREDERICKS, personally and on behalf of others known and unknown, claimed and received from School funds approximately \$63,000 in payroll and travel advances, travel reimbursement, cash, wire transfers, and checks.

14. Between about August 9, 2001, and April 27, 2005, PAUL FREDERICKS fraudulently claimed and received travel advances for travel he never took and

meetings/training he never attended as claimed. FREDERICKS claimed travel to Facility Management meetings in Aberdeen, South Dakota, on August 9, 2001 (\$284.25), July 17, 2003 (\$671.06), August 2, 2003 (\$642.06), December 14, 2003 (\$417.06), December 19-21, 2003 (\$853.06), March 22, 2004 (\$635.00), April 22, 2004 (\$706.50), September 2, 2004 (\$1,267), and February 17, 2005 (\$545.06).

FREDERICKS claimed travel to Albuquerque, New Mexico, on approximately March 12, 2002 (\$1,626). FREDERICKS claimed travel to Denver, Colorado, on July 18, 2002 (\$1,307.28) and December 9, 2003 (\$1,005.28). FREDERICKS received School funds for mileage and meals to GSA meetings in Bismarck, North Dakota, which he claimed occurred on February 26, 2004, a time he also claimed he was in Washington DC (\$248.60). FREDERICKS claimed travel for Falmouth Institute training on October 14, 2004, but did not register and attend the training (\$2,973.50).

FREDERICKS claimed meals and mileage to an April 27, 2005, meeting in New Town, North Dakota, but also claimed travel expenses for Albuquerque, New Mexico, on that date (\$119.10).

15. In approximately June 2003, LILLIAN HOLEN searched for training in Las Vegas, Nevada, because her granddaughter was performing in a recital in Las Vegas in July 2003. HOLEN identified a conference which was created for professional contractors and builders. HOLEN contacted the promoter, asked to be registered for the conference, and promised to pay the conference fee upon arrival. HOLEN did not attend

the training and never paid the non-refundable registration. HOLEN did attend her granddaughter's dance recital. HOLEN fraudulently received \$3,853.40 in travel expenses for the trip, claiming an additional \$1,000 stipend and four days of training when the actual conference was a one day event held July 10, 2003. The travel was not pre-approved by the School Board.

16. In July 2003, MELISSA STARR caused the School to wire her \$6,000 in School funds while she was in Grand Rapids, Michigan. TAMMY GRADY received \$300 in cash from the wired funds that MELISSA STARR received.

17. Between July 31, 2003, and October 14, 2004, MELISSA STARR caused approximately \$3,700 in School funds to be directed to Cross Country. Cross Country is the former name of Applied Card Bank of Wilmington, Delaware. MELISSA STARR had a personal account with Cross Country. She caused Twin Buttes School checks to be written to "Cross Country" on numerous occasions and attempted to conceal the transactions as legitimate reimbursement for training registrations.

18. On or about October 29, 2003, LILLIAN HOLEN received \$3,565 for travel to Las Vegas, Nevada for a two day seminar on Writing a Winning Grant Proposal from November 6, 2003-November 7, 2003. HOLEN did not attend the training and concealed her fraud by paying the host of the training, Falmouth Institute, a cancellation fee with a personal check.

19. TAMMY GRADY fraudulently claimed \$2,935 in travel expenses for travel to Washington, DC, from about November 7, 2003, through about November 14, 2003. In addition, GRADY caused the School to incur \$550 in airfare for travel between Minneapolis, Minnesota, and Washington, DC, on November 14, 2004, and from Washington, DC, to Chicago, Illinois, on November 19, 2004. While in Washington, DC, on November 17, 2003, GRADY received \$525 by wire. Three days later, on November 20, 2003, MELISSA STARR caused a \$1,500 School check to be written payable to Twin Buttes School. MELISSA STARR cashed the check and then wired \$900 to TAMMY GRADY who was in Minneapolis, Minnesota. The School Board did not authorize any of the above transactions.

20. On or about December 9, 2003, TAMMY GRADY and MELISSA STARR each received \$1,019.06 for travel expenses to Aberdeen, South Dakota, for a meeting they fabricated with Gordon Rosby of the Bureau of Indian Affairs (BIA). On the same date, MELISSA STARR fabricated travel to Chicago, Illinois, and received a \$2,492.66 travel advance. Then, on December 31, 2003, MELISSA STARR fabricated a travel voucher to Minneapolis, Minnesota, in the amount of \$1,853.82. None of the travel was discussed and authorized by the School Board.

21. On or about February 12, 2004, LILLIAN HOLEN, agreed with MELISSA STARR and filled out an expense voucher for \$3,442. HOLEN and STARR then caused the School to fraudulently pay \$3,442 for the benefit of HOLEN. The voucher lists a

payroll advance credit of \$1,700 for HOLEN. Thereafter, HOLEN received the balance of \$3,442 in the form of a School check in the amount of \$1,742. Also, on February 12, 2004, MELISSA STARR received a check for \$339.75 for unknown reasons and \$2,000 in proceeds from a check payable to Twin Buttes School. One day later, at a School Board meeting, the School Board addressed a request by LILLIAN HOLEN to receive a \$1,500 "incentive" award. The School Board approved the request and expense. The next day, on February 14, 2004, MELISSA STARR billed the School for two nights in a hotel for a total amount of \$287.32 for the personal benefit of MELISSA STARR.

22. On or about February 19, 2004, MELLISA STARR, TAMMY GRADY, PAUL FREDERICKS, and IVETTA SPOTTED BEAR, caused the school to advance them \$18,500 in travel funds for a February 25, 2004, meeting in Washington, DC. They caused the School to transfer to them by wire an additional \$13,000, on or about February 24-25, 2004, while they were in Washington, DC.

23. On or about March 4, 2004, MELISSA STARR received a travel advance of \$2,119.65 for a trip to Chicago, Illinois. STARR falsely claimed the trip was for a meeting with "E-Rate". On March 5, 2004, MELISSA STARR demanded a School check be written for \$1,300 to Vivian Hurkess. Upon discussion that Vivian Hurkess was not an employee of the School, STARR then demanded checks be written payable to Twin Buttes School for \$1,300 and \$1,500. STARR endorsed both checks. On March 5, 2004, MELISSA STARR made a \$6,282.59 transaction at the Union Bank which

included her endorsement on a School check payable to Beverly Lone Bear in the amount of \$450.

24. On or about April 30, 2004, HANK STARR received \$1,163 and MELISSA STARR received \$1,013 for travel to Rapid City, South Dakota, for the American Indian Education Foundation conference. On or about May 3, 2004, TAMMY GRADY received \$1,163.06 for the same travel. None of them attended the meeting. The School Board did not discuss and pre-approve these expenses.

25. On or about June 21, 2004, MELISSA STARR, DARWIN LONE BEAR, ELAINE INCOGNITO and HANK STARR received advance travel funds to travel to Albuquerque, New Mexico, for a Special Education Summer Institute sponsored by OIEP/BIA from July 12-16, 2004. INCOGNITO is the only School representative who attended the training. MELISSA STARR, DARWIN LONE BEAR and HANK STARR claimed \$1,705, but MELISSA STARR actually received \$3,008 while DARWIN LONE BEAR and HANK STARR received \$2,508. The training was never discussed and pre-approved by the School Board.

26. On or about July 2, 2004, TAMMY GRADY and MELISSA STARR conspired to obtain School funds by fabricating a trip to Chicago, Illinois, from July 3, 2004, to an undisclosed date. GRADY did not take the trip. GRADY stayed one night in a Bismarck, North Dakota, hotel after cashing her \$2,247.66 check. MELISSA STARR

received approximately \$2,953.55 for travel on the same date. The expenses were not pre-approved by the School Board.

27. On or about July 13, 2004, MELISSA STARR caused a School check for \$3,255 to be cashed and \$3000 to be wired to her and ELAINE INCOGNITO in Albuquerque, New Mexico. STARR instructed Janet Lorenz to note \$2,000 as a payroll advance to INCOGNITO and \$1005 as travel expenses. The School Board did not approve the expenditure.

28. On or about July 20, 2004, HANK STARR, MELISSA STARR and TAMMY GRADY received travel advances for travel scheduled for July 22-23, 2004, for the North Dakota School Board Association Summer Conference in Minot, North Dakota. HANK STARR and TAMMY GRADY each claimed \$397.60 and MELISSA STARR claimed \$525.35. None of them pre-registered for the conference and none attended as a "walk-in".

29. Between approximately September 9-16, 2004, MELISSA STARR and HANK STARR each received travel advances for a trip to Washington, DC, which they never took. MELISSA STARR's \$3,759.93 School check was endorsed by MELISSA STARR and TAMMY GRADY and cashed on September 13, 2004. HANK STARR's check for \$3,759.93 was drafted on September 16, 2004, and endorsed by HANK STARR and MELISSA STARR. Between September 8-12, 2004, HANK STARR caused the School to be charged \$545 in hotel costs in Bismarck, North Dakota. Between September

7-13, 2004, MELISSA STARR caused the School to be charged \$1,400 by staying in hotel suites billed at \$200 per night. Between September 9-13, 2004, TAMMY GRADY stole and caused to be stolen \$3,823.48 in School funds for her personal gain. ELAINE INCOGNITO caused the School to incur \$396 in fraudulent hotel expenses from September 8-11, 2004. DARWIN LONE BEAR caused the School to incur \$297 in fraudulent hotel expenses from September 9-11, 2004. None of the travel was pre-approved by the School Board and no legitimate purpose for the travel existed.

30. On or about November 30, 2004, PAUL FREDERICKS and HANK STARR claimed and received advance funds for travel to Las Vegas, Nevada. FREDERICKS listed "Construction Inspection" on his travel voucher for December 9–10, 2004. DARWIN LONE BEAR also claimed the same training and actually attended, but received a \$1,000 stipend and a \$300 meeting fee beyond the normal per diem allowable expenses. PAUL FREDERICKS registered for the training (\$550) but did not attend. FREDERICKS received \$3,286.00 in travel expenses with a \$75 cancellation fee billed to the School. HANK STARR registered for the J.Dalton Institute but did not pay his registration fee. HANK STARR received \$3,148 in School funds. This travel was scheduled during the National Rodeo Finals in Las Vegas, Nevada. On the same date, TAMMY GRADY received \$3,572.15 in advance travel funds and airline expenses for travel to Las Vegas, Nevada, from December 5–14, 2004. GRADY signed up for three different courses with J.Dalton Institute and caused \$1,190

in registration fees to be incurred by the School. TAMMY GRADY did not attend any of the courses. The School Board did not approve the travel. On December 13, 2004, MELISSA STARR demanded and caused the School to write a check for \$2,200 to be wired to TAMMY GRADY. STARR caused \$700 of the \$2,200 to be wired to GRADY. MELISSA STARR also demanded a School check be written payable to the School for \$1,800. STARR then endorsed the check for her personal benefit.

31. On or about December 14, 2004, at a School Board meeting, DARWIN LONE BEAR made a motion to approve travel to the Fort Berthold Indian School Board Association (FBISBA) Christmas Tournament in Bismarck, North Dakota, from December 26–30, 2004. HANK STARR seconded the motion. MELISSA STARR and others, known and unknown to the grand jury, voted in favor of the expenditures. The Fort Berthold Independent School Board Association hosted a three day basketball tournament for approximately eight high school teams. Twin Buttes School assisted administratively on one day, December 27, 2004. LONE BEAR and other Defendants claimed approximately \$18,000 in travel expenses from December 26, 2004, to January 2, 2005. In addition, approximately \$9,400 was taken from School funds labeled as additional work stipends to specific individuals. The \$9,400 is in addition to a “work stipend” of \$500 already claimed on most individual travel vouchers. Hotel expenses for the travel totaled approximately \$9,700. The approximate total of misapplied School funds for this tournament travel was \$37,100.

32. On or about December 15, 2004, MELISSA STARR claimed \$1,115.06 for Impact Aid in Rapid City, South Dakota, scheduled on December 15 & 16, 2004. The check was cashed on December 15, 2004. On or about December 17, 2004, MELISSA STARR caused two School checks to be written payable to Twin Buttes School, endorsing and receiving the \$2,800 and \$1,350 in proceeds. On the same day, December 17, 2004, MELISSA STARR claimed and cashed a \$2,131.25 School check for undocumented travel to Albuquerque, New Mexico, from December 18–22, 2004. The travel dates overlapped with a voucher where MELISSA STARR received \$953.06 for fabricated travel to Aberdeen, South Dakota, on December 19–21, 2004. During this four day period, MELISSA STARR fraudulently received approximately \$8,349.37. None of the transactions were pre-approved by the School Board.

33. On or about December 22, 2004, LILLIAN HOLEN received \$729.25 in a travel advance for the FBISBA tournament. Included in the voucher was a \$500 work stipend. In addition, HOLEN received a \$300 work stipend check for the tournament.

34. On or about December 22, 2004, DARWIN LONE BEAR received \$1,044.25 in a travel advance for the FBISBA tournament. Included in the voucher was a \$500 work stipend and \$225 meeting stipend. In addition, DARWIN LONE BEAR received two additional \$500 work stipends for a total of \$1,500 documented as work stipends. DARWIN LONE BEAR's voucher claimed travel from December 26, 2004, through January 2, 2005. He incurred hotel room charges from December 26, 2004, to

December 31, 2004, for a total cost to the School of \$410.76. DARWIN LONE BEAR's total charges to the School were \$2,455.01.

35. On or about December 22, 2004, MELISSA STARR received \$1,044.25 in a travel advance for the FBISBA tournament. Included in the voucher was a \$500 work stipend and \$225 meeting stipend. In addition, MELISSA STARR received two additional \$500 work stipends for a total of \$1,500 documented as work stipends. MELISSA STARR's voucher claimed travel from December 26, 2004, through January 2, 2005. MELISSA STARR checked into her hotel on December 26, 2004, and checked out on January 3, 2005. The School was charged a \$50 fine for her smoking in a non-smoking room. The total bill for her hotel charges was \$1,242.80. MELISSA STARR's total claim for one-day assistance in the basketball tournament was \$3,287.05.

36. On or about December 22, 2004, HANK STARR received \$1,044.25 in a travel advance for the FBISBA tournament. Included in the voucher was a \$500 work stipend and \$225 meeting stipend. In addition, HANK STARR received two additional \$500 work stipends and one \$300 stipend for a total of \$1,800 documented as work stipends. HANK STARR's voucher claimed travel from December 26, 2004, through January 2, 2005. HANK STARR's hotel expenses were \$660.40. HANK STARR's total trip costs, including his travel advances and hotel expenses, were \$3,004.65.

37. On or about December 22, 2004, TAMMY GRADY received \$1,044.25 in a travel advance for the FBISBA tournament. Included in the voucher was a \$500 work

stipend and \$225 meeting stipend. In addition, TAMMY GRADY received two additional \$500 work stipends for a total of \$1,500 documented as work stipends. TAMMY GRADY'S voucher claimed travel from December 26, 2004, through January 2, 2005. Her hotel expenses were \$660.40. TAMMY GRADY's total trip costs, including her travel advances and hotel expenses, were \$2,704.65.

38. On or about December 22, 2004, PAUL FREDERICKS received \$729.25 in a travel advance for the FBISBA tournament. FREDERICKS included a \$500 work stipend in his claim. In addition, FREDERICKS claimed and received an additional \$300 check for the tournament. FREDERICKS' voucher claimed travel from December 26, 2004, through January 2, 2005. FREDERICKS billed \$328.64 in room charges to the School for the night of December 26, 2004, and a check out date of December 30, 2004. PAUL FREDERICKS had total charges to the School of \$1,357.89.

39. SCHOOL CHECKS – MELISSA STARR, ELAINE INCOGNITO and LILLIAN HOLEN directed that a number of Twin Buttes School checks be made payable to Twin Buttes School. MELISSA STARR, HANK STARR, ELAINE INCOGNITO and LILLIAN HOLEN endorsed and negotiated the checks for cash. The School Board did not pre-approve the transactions which totaled approximately \$67,970 between April 22, 2003, and March 15, 2005. Defendants endorsed the following checks and used the proceeds for personal purposes, as part of the scheme:

08/15/2003 - \$1,000 endorsed by MELISSA STARR

11/05/2003 - \$700 endorsed by MELISSA STARR

11/05/2003 - \$300 endorsed by MELISSA STARR
11/05/2003 - \$750 endorsed by MELISSA STARR
11/12/2003 - \$2,935 endorsed by MELISSA STARR
11/12/2003 - \$1,000 endorsed by MELISSA STARR
11/14/2003 - \$625 endorsed by MELISSA STARR
11/17/2003 - \$2,000 endorsed by MELISSA STARR
11/20/2003 - \$1,500 endorsed by MELISSA STARR
11/28/2003 - \$2,000 endorsed by MELISSA STARR
11/30/2003 - \$2,000 endorsed by ELAINE INCOGNITO
01/06/2004 - \$2,000 endorsed by MELISSA STARR
01/07/2004 - \$1,000 endorsed by ELAINE INCOGNITO
02/10/2004 - \$200 endorsed by HANK STARR
02/12/2004 - \$2,000 endorsed by MELISSA STARR
03/05/2004 - \$1,500 endorsed by MELISSA STARR
03/05/2004 - \$1,300 endorsed by MELISSA STARR
03/15/2004 - \$750 endorsed by MELISSA STARR
03/18/2004 - \$630 endorsed by LILLIAN HOLEN
03/26/2004 - \$975 endorsed by HANK STARR
04/05/2004 - \$2000 endorsed by MELISSA STARR
04/22/2004 - \$750 endorsed by MELISSA STARR
05/05/2004 - \$1,500 endorsed by MELISSA STARR
05/16/2004 - \$2,000 endorsed by MELISSA STARR

05/24/2004 - \$3,400 endorsed by ELAINE INCOGNITO

06/28/2004 - \$1,000 endorsed by MELISSA STARR

06/29/2004 - \$1,000 endorsed by MELISSA STARR

07/29/2004 - \$2,000 endorsed by MELISSA STARR

08/20/2004 - \$3,000 endorsed by MELISSA STARR

08/20/2004 - \$1,500 endorsed by MELISSA STARR

08/31/2004 - \$2,000 endorsed by MELISSA STARR

09/24/2004 - \$1,000 endorsed by MELISSA STARR

09/29/2004 - \$1,000 endorsed by MELISSA STARR

10/11/2004 - \$1,500 endorsed by MELISSA STARR

10/27/2004 - \$1,500 endorsed by MELISSA STARR

11/10/2004 - \$3,000 endorsed by ELAINE INCOGNITO and MELISSA STARR

11/10/2004 - \$1,500 endorsed by MELISSA STARR

11/10/2004 - \$1,000 endorsed by MELISSA STARR and American Legion Tavern

11/24/2004 - \$1,200 endorsed By MELISSA STARR

12/13/2004 - \$1,800 endorsed by MELISSA STARR

12/13/2004 - \$2,200 endorsed by MELISSA STARR

12/14/2004 - \$300 endorsed by MELISSA STARR

12/17/2004 - \$2,800 endorsed by MELISSA STARR.

12/17/2004 - \$1,350 endorsed by MELISSA STARR

03/04/2005 - \$500 endorsed by MELISSA STARR

03/14/2005 - \$2,000 endorsed by MELISSA STARR

03/30/2005 - \$1,500 endorsed by MELISSA STARR

04/15/2005 - \$1,500 endorsed by MELISSA STARR

04/19/2005 - \$3,000 endorsed by MELISSA STARR

05/17/2005 - \$2,000 endorsed by MELISSA STARR

05/26/2005 - \$2,000 endorsed by ELAINE INCOGNITO

05/26/2005 - \$2,000 endorsed by ELAINE INCOGNITO and MELISSA STARR

06/14/2005 - \$2,500 endorsed by MELISSA STARR

06/27/2005 - \$1,200 endorsed by MELISSA STARR

40. PAYROLL ADVANCES – Between February 21, 2003, and May 26, 2005, ELAINE INCOGNITO caused the School to give her \$10,400 in payroll advances which she approved herself and did not seek School Board approval. ELAINE INCOGNITO paid back \$8,500 over the three-year period. On May 26, 2005, on or about her date of retirement, ELAINE INCOGNITO caused a \$2000 payroll advance check to be written. As a result, the School could not deduct the advance from payroll since she had retired. INCOGNITO never repaid approximately \$1,900 in advances.

41. Between March 29, 2004, and May 26, 2005, PAUL FREDERICKS caused the School to give him \$5,050 in payroll advances which did not receive School Board approval. PAUL FREDERICKS paid back \$2,477 but has never repaid \$2,573.

42. DEBIT SLIP WITHDRAWALS FROM THE BNC BANK – On numerous occasions, MELISSA STARR obtained debit slips from BNC Bank in Bismarck, North Dakota, and withdrew School funds for her personal benefit without notifying staff and

School Board members. She stole approximately \$19,000 using this scheme. MELISSA STARR withdrew the following approximate amounts from the School account, on or about the following dates:

01/03/2004 - \$1,000

02/20/2004 - \$750

03/17/2004 - \$2,000

03/17/2004 - \$500

03/17/2004 - \$500

05/03/2004 - \$4,000

05/22/2004 - \$2,600

05/24/2004 - \$2,000

10/29/2004 - \$2,000

11/02/2004 - \$1,000

11/20/2004 - \$650

11/29/2004 - \$2,000

All in violation of Title 18, United States Code, Section 371.

COUNT TWO

Embezzlement and Theft from Indian Tribal Organization

The Grand Jury Further Charges:

Beginning on or about August 9, 2001, and continuing until about October 2006,
in the District of North Dakota,

MELISSA STARR; TAMMY GRADY, a/k/a TAMMY JACOBS;
ELAINE INCOGNITO; LILLIAN HOLEN; HANK STARR;
DARWIN LONE BEAR, a/k/a DARCY LONE BEAR;
and PAUL FREDERICKS,

individually and by aiding and abetting others, did embezzle, steal, knowingly convert to
their own use and the use of another, willfully misapply and willfully permit to be
misapplied, funds and moneys in excess of \$1,000 belonging to an Indian tribal
organization and entrusted to the custody and care of officers, employees, and agents of
an Indian tribal organization, namely, the Twin Buttes Elementary School;

In violation of Title 18, United States Code, Sections 1163 and 2.

COUNT THREE

Fraud and Misapplication Involving Federal Funds

The Grand Jury Further Charges:

Beginning on or about August 9, 2001, and continuing until about October 2006,
in the District of North Dakota,

MELISSA STARR; TAMMY GRADY, a/k/a TAMMY JACOBS;
ELAINE INCOGNITO; LILLIAN HOLEN; HANK STARR;
DARWIN LONE BEAR, a/k/a DARCY LONE BEAR;
and PAUL FREDERICKS,

individually, and by aiding and abetting others, while employed by Twin Buttes
Elementary School, and as agents thereof, did embezzle, steal, obtain by fraud, otherwise
without authority knowingly convert to the use of any person other than the rightful
owner, and intentionally misapply property valued at more than \$5,000, which property
was owned by and under the care, custody, and control of Twin Buttes Elementary
School, an organization receiving benefits in excess of \$10,000 in any one year period
under a Federal program involving a grant, contract, and other form of Federal
assistance;

In violation of Title 18, United States Code, Sections 666 and 2.

COUNT FOUR

Wire Fraud

The Grand Jury Further Charges:

Beginning on or about April 7, 2003, and continuing until about October 2006, in the District of North Dakota,

MELISSA STARR; ELAINE INCOGNITO;
TAMMY GRADY, a/k/a TAMMY JACOBS;
and PAUL FREDERICKS,

together with others known and unknown to the grand jury, for the purpose of executing and attempting to execute a scheme to defraud and obtain money by means of false and fraudulent pretenses, caused to be transmitted in interstate commerce, by means of a wire communication, certain signs, signals, and sounds, namely, telephone communications causing and resulting in the fraudulent transfer of money from Twin Buttes Elementary School funds;

In violation of Title 18, United States Code, Sections 1343 and 2.

A TRUE BILL:

/s/ Grand Jury Foreperson

Foreperson

/s/ Drew H. Wrigley
DREW H. WRIGLEY
United States Attorney

CRH:rab